

| | | |
|------------------------|---|--|
| In Re: Scoobur, LLC | CHAPTER 11 (BUSINESS) | 2:19-BK-14989-WB jointly administered with 2:19-BK-14997-WB; 2:19-BK-14991-WB |
| | Case Number: | |
| | Operating Report Number: For the Month Ending: | 4 8/1/2019 to 8/31/2019 |
| Debtor(s) | | |

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| I. CASH RECEIPTS AND DISBURSEMENTS | |
|--|-----------|
| A. (GENERAL ACCOUNT*) | |
| 1. TOTAL RECEIPTS PER ALL PRIOR GENERAL ACCOUNT REPORTS | 1,369 |
| 2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR GENERAL ACCOUNT REPORTS | 1,344 |
| 3. BEGINNING BALANCE: | 25 |
| 4. RECEIPTS DURING CURRENT PERIOD: | |
| Accounts Receivable - Post-filing | |
| Accounts Receivable - Pre-filing | |
| General Sales | |
| Other (Specify) | |
| **Other (Specify) | |
| TOTAL RECEIPTS THIS PERIOD: | 0 |
| 5. BALANCE: | 25 |
| 6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD | |
| Transfers to Other DIP Accounts (from page 2) | |
| Disbursements (from page 2) | 14 |
| TOTAL DISBURSEMENTS THIS PERIOD:*** | 14 |
| 7. ENDING BALANCE: | 11 |
| 8. General Account Number(s): | *****3755 |

DIP Operating Wells Fargo
3200 Foothill, Blvd.
La Crescenta, CA 91214

* All receipts must be deposited into the general account.

** Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.

***This amount should be the same as the total from page 2.

TOTAL DISBURSEMENTS FROM GENERAL ACCOUNT FOR CURRENT PERIOD

| Date mm/dd/yyyy | Check Number | Payee or DIP account | Purpose | *Amount Transferred | **Amount Disbursed | Amount |
|----------------------------------|-----------------|----------------------|---------------------|------------------------|-----------------------|--------|
| 08/30/2019 | Deduction | Wells Fargo Bank | Monthly Service Fee | | 14 | 14 |
| TOTAL DISBURSEMENTS THIS PERIOD: | | | | | | 14 |

* Fill in amounts in this column if they are TRANSFERS to another DIP account (e.g. Payroll or Tax); the "amount" column will be filled in for you.

** Fill in amounts in this column if they are DISBURSEMENTS to outside payees; the "amount" column will be filled in for you.

GENERAL ACCOUNT

BANK RECONCILIATION

Bank statement Date: 8/31/2019 Balance on Statement: \$11

Plus deposits in transit (a):

Deposit Date Deposit Amount

| | |
|--|--|
| | |
| | |
| | |
| | |
| | |
| | |
| | |

TOTAL DEPOSITS IN TRANSIT

\$0

Less Outstanding Checks (a):

Check Number Check Date Check Amount

| | | |
|--|--|--|
| | | |
| | | |
| | | |
| | | |

TOTAL OUTSTANDING CHECKS:

\$0

Bank statement Adjustments:

\$0

Explanation of Adjustments-

| |
|--|
| |
|--|

ADJUSTED BANK BALANCE:

\$11

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

I. CASH RECEIPTS AND DISBURSEMENTS

B. (PAYROLL ACCOUNT)

1. TOTAL RECEIPTS PER ALL PRIOR PAYROLL ACCOUNT REPORTS _____
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR PAYROLL ACCOUNT REPORTS _____
3. BEGINNING BALANCE: _____
4. RECEIPTS DURING CURRENT PERIOD:
(Transfer from General Account) _____
5. BALANCE: _____
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD
TOTAL DISBURSEMENTS THIS PERIOD:*** _____
7. ENDING BALANCE: _____
8. PAYROLL Account Number(s):
Depository Name & Location:

TOTAL DISBURSEMENTS FROM PAYROLL ACCOUNT FOR CURRENT PERIOD

| Date mm/dd/yyyy | Check Number | Payee | Purpose | Amount |
|----------------------------------|--------------|-------|---------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL DISBURSEMENTS THIS PERIOD: | | | | |

PAYROLL ACCOUNT

BANK RECONCILIATION

Bank statement Date: 8/31/2019 Balance on Statement: _____

Plus deposits in transit (a):

Deposit Date Deposit Amount

_____ _____
_____ _____

TOTAL DEPOSITS IN TRANSIT

Less Outstanding Checks (a):

Check Number Check Date Check Amount

_____ _____ _____
_____ _____ _____
_____ _____ _____
_____ _____ _____

TOTAL OUTSTANDING CHECKS:

Bank statement Adjustments:

Explanation of Adjustments-

ADJUSTED BANK BALANCE:

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

I. CASH RECEIPTS AND DISBURSEMENTS

C. (TAX ACCOUNT)

1. TOTAL RECEIPTS PER ALL PRIOR TAX ACCOUNT REPORTS _____
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR TAX ACCOUNT REPORTS _____
3. BEGINNING BALANCE: _____
4. RECEIPTS DURING CURRENT PERIOD:
(Transfer from General Account) _____
5. BALANCE: _____
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD
TOTAL DISBURSEMENTS THIS PERIOD:*** _____
7. ENDING BALANCE: _____
8. TAX Account Number(s):
Depository Name & Location:

| Date mm/dd/yyyy | Check Number | Payee | Purpose | Amount |
|----------------------------------|-----------------|-------|---------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL DISBURSEMENTS THIS PERIOD: | | | | |

TAX ACCOUNT

BANK RECONCILIATION

Bank statement Date: 8/31/2019 Balance on Statement: _____

Plus deposits in transit (a):

Deposit Date Deposit Amount

_____ _____
_____ _____

TOTAL DEPOSITS IN TRANSIT

Less Outstanding Checks (a):

Check Number Check Date Check Amount

_____ _____ _____
_____ _____ _____

TOTAL OUTSTANDING CHECKS:

Bank statement Adjustments:

Explanation of Adjustments-

.....
.....

ADJUSTED BANK BALANCE:

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

I. D SUMMARY SCHEDULE OF CASH

ENDING BALANCES FOR THE PERIOD:

(Provide a copy of monthly account statements for each of the below)

| | | |
|------------------|----------------------------|----|
| | General Account: | 11 |
| | Payroll Account: | 0 |
| | Tax Account: | 0 |
| *Other Accounts: | | |
| | | |
| | | |
| *Other Monies: | | |
| | **Petty Cash (from below): | |

TOTAL CASH AVAILABLE:

11

Petty Cash Transactions:

| Date | Purpose | Amount |
|------|---------|--------|
| | | |
| | | |
| | | |

TOTAL PETTY CASH TRANSACTIONS:

* Specify the Type of holding (e.g. CD, Savings Account, Investment Security), and the depository name, location & account#

** Attach Exhibit Itemizing all petty cash transactions

II. STATUS OF PAYMENTS TO SECURED CREDITORS, LESSORS
AND OTHER PARTIES TO EXECUTORY CONTRACTS

| Creditor, Lessor, Etc. | Frequency of Payments (Mo/Qtr) | Amount of Payment | Post-Petition payments not made (Number) | Total Due |
|------------------------|--------------------------------|-------------------|--|-----------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL DUE: | | | | |

III. TAX LIABILITIES

FOR THE REPORTING PERIOD:

Gross Sales Subject to Sales Tax: _____
 Total Wages Paid: _____

Federal Withholding
 State Withholding
 FICA- Employer's Share
 FICA- Employee's Share
 Federal Unemployment
 Sales and Use
 Real Property
 Other: _____

| Total Post-Petition Amounts Owing | Amount Delinquent | Date Delinquent Amount Due |
|-----------------------------------|-------------------|----------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| TOTAL: | | |

IV. AGING OF ACCOUNTS PAYABLE AND RECEIVABLE

| | *Accounts Payable Post-Petition | Accounts Receivable | |
|-----------------|------------------------------------|---------------------|---------------|
| | | Pre-Petition | Post-Petition |
| 30 days or less | | | |
| 31 - 60 days | | | |
| 61 - 90 days | | | |
| 91 - 120 days | | | |
| Over 120 days | | | |
| TOTAL: | | | |

V. INSURANCE COVERAGE

**VI. UNITED STATES TRUSTEE QUARTERLY FEES
(TOTAL PAYMENTS)**

* Post-Petition Accounts Payable SHOULD NOT include professionals' fees and expenses which have been incurred but not yet awarded by the court. Post-Petition Accounts Payable SHOULD include professionals' fees and expenses authorized by Court Order but which remain unpaid as of the close of the period report

VII SCHEDULE OF COMPENSATION PAID TO INSIDERS

| Name of Insider | Date of Order Authorizing Compensation | *Authorized Gross Compensation | Gross Compensation Paid During the Month |
|-----------------|--|--------------------------------|--|
| | | | |
| | | | |
| | | | |

VIII. SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

| Name of Insider | Date of Order Authorizing Compensation | Description | Amount Paid During the Month |
|-----------------|--|-------------|------------------------------|
| | | | |
| | | | |
| | | | |

* Please indicate how compensation was identified in the order (e.g. \$1,000/week, \$2,500/month)

| | Current Month | Cumulative Post-Petition |
|--|---------------------------------|--------------------------|
| Sales/Revenue: | | |
| Gross Sales/Revenue | _____ | _____ |
| Less: Returns/Discounts | _____ | _____ |
| | Net Sales/Revenue | _____ |
| Cost of Goods Sold: | | |
| Beginning Inventory at cost | _____ | _____ |
| Purchases | _____ | _____ |
| Less: Ending Inventory at cost | _____ | _____ |
| | Cost of Goods Sold (COGS) | _____ |
| Gross Profit | _____ | _____ |
| Other Operating Income (Itemize) | _____ | _____ |
| Operating Expenses: | | |
| Payroll - Insiders | _____ | _____ |
| Payroll - Other Employees | _____ | _____ |
| Payroll Taxes | _____ | _____ |
| Other Taxes (Itemize) | _____ | _____ |
| Depreciation and Amortization | _____ | _____ |
| Rent Expense - Real Property | _____ | _____ |
| Lease Expense - Personal Property | _____ | _____ |
| Insurance | _____ | _____ |
| Real Property Taxes | _____ | _____ |
| Telephone and Utilities | _____ | _____ |
| Repairs and Maintenance | _____ | _____ |
| Travel and Entertainment (Itemize) | _____ | _____ |
| Miscellaneous Operating Expenses (Itemize) (1) | 14.00 | 14.00 |
| | Total Operating Expenses | _____ |
| | Net Gain/(Loss) from Operations | (14.00) |
| Non-Operating Income: | | |
| Interest Income | _____ | _____ |
| Net Gain on Sale of Assets (Itemize) | _____ | _____ |
| Other (Itemize) | _____ | _____ |
| | Total Non-Operating Income | _____ |
| Non-Operating Expenses: | | |
| Interest Expense | _____ | _____ |
| Legal and Professional (Itemize) | _____ | _____ |
| Other (Itemize) | _____ | _____ |
| | Total Non-Operating Expenses | _____ |
| NET INCOME/(LOSS) | (14.00) | (14.00) |

(Attach exhibit listing all itemizations required above)

(1) Bank fee of \$14.

| ASSETS | | Current Month End |
|-------------------------------------|------------------------------------|-------------------|
| Current Assets: | | |
| Unrestricted Cash | | 11 |
| Restricted Cash | | 0 |
| Accounts Receivable | | 0 |
| Inventory | | 0 |
| Notes Receivable | | 0 |
| Prepaid Expenses | | 0 |
| Other (Itemize) | | 0 |
| | Total Current Assets | 11 |
| Property, Plant, and Equipment | | |
| Accumulated Depreciation/Depletion | | |
| | Net Property, Plant, and Equipment | |
| Other Assets (Net of Amortization): | | |
| Due from Insiders | | |
| Other (Itemize) | | 89,000 (1) |
| | Total Other Assets | 89,000 |
| TOTAL ASSETS | | 89,011 |
| LIABILITIES | | |
| Post-petition Liabilities: | | |
| Accounts Payable | | |
| Taxes Payable | | |
| Notes Payable | | |
| Professional fees | | |
| Secured Debt | | |
| Other (Itemize) | | 25 (2) |
| | Total Post-petition Liabilities | 25 |
| Pre-petition Liabilities: | | |
| Secured Liabilities | | |
| Priority Liabilities | | |
| Secured Liabilities | | |
| Other (Itemize) | | |
| | Total Pre-petition Liabilities | 0 |
| TOTAL LIABILITIES | | 25 |
| EQUITY: | | |
| Pre-petition Owners' Equity | | 89,000 |
| Post-petition Profit/(Loss) | | (14) |
| Direct Charges to Equity | | 0 |
| TOTAL EQUITY | | 88,986 |
| TOTAL LIABILITIES & EQUITY | | 89,011 |

(1) Relates to the Scoobeez.com, trademark and various related marks.

(2) \$25 is due to George Voskanian on account of an advance made to open up the Debtor's DIP Account.

XI. QUESTIONNAIRE

1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below:

| | | |
|-------|---|---------------------------------|
| _____ | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> |
|-------|---|---------------------------------|

2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below:

| | | |
|-------|---|---------------------------------|
| _____ | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> |
|-------|---|---------------------------------|

3. State what progress was made during the reporting period toward filing a plan of reorganization

On or about August 1, 2019, the Debtors filed a Motion For Entry of an Order Extending the Deadline Pursuant to Section 365(d)(4) of the Bankruptcy Code to Assume or Reject Unexpired Leases of Nonresidential Real Property (the "Lease Extension Motion") and a Motion to Extend the Exclusivity Period for Filing a Chapter 11 Plan and Disclosure Statement (the "Exclusivity Motion"). On or about August 2, 2019, the Court granted the Debtors' Motion to Set Bar Date to File Proofs of Claim, and the related Notice of Bar Date for Filing Proofs of Claim [and Interest] was filed and served on all requisite parties-in-interest on or about August 6, 2019. On August 7, 2019 and August 8, 2019, the Court entered orders continuing the hearings on the motions for relief from stay filed by Arturo Vega and Unta Key and Roy Castellanos (the "Castellanos RFS Motion"), respectively, to September 10, 2019 at 10:00 a.m. On August 14, 2019 and August 21, 2019, the Official Committee of Unsecured Creditors (the "Committee") filed a Stipulation [between the Committee and Hillair Capital Management, LLC ("Hillair")] Further Extending Deadline for Official Committee of Unsecured Creditors to Challenge Claim and Lien of Hillair Capital Management, LLC, the former of which was approved by order of the Court entered on August 15, 2019. On or about August 21, 2019, the Debtors filed a stipulation resolving the (limited) objection(s) to the Exclusivity Motion. On or about August 26, 2019, the Court entered an order granting the relief sought by and through the Lease Extension Motion. On or about August 29, 2019, the Debtors filed a stipulation between the Debtor(s) and Ray Castellanos that resolved the Castellanos RFS Motion.

On or about August 29, 2019, the Debtors filed a Notice of Motion and Motion for Entry of an Order (i) Approving Bidding Procedures for Sale of Assets; (ii) Approving the Expense Reimbursement; (iii) Approving the Process for Notifying Non-Debtor Contract Counterparties of Assumption and Assignment of Contracts; and (iv) Granting Related Relief, in which the Debtors sought, amongst other things, entry of an order approving Hillair as the stalking horse bidder (the "Bid Procedures Motion"). The hearing on the Bid Procedures Motion was set for September 5, 2019 at 10:00 a.m. Throughout the month of August, Armory Securities (the Debtors' investment banker) continued to work closely with the Debtors to market the business(es) in search of (a) qualified bidder(s) and/or (a) recapitalization partner(s).

4. Describe potential future developments which may have a significant impact on the case:

See answer to question #3. Armory will continue to explore a sale of the assets and a recapitalization of the business in order to determine which exit strategy is most value maximizing to the Debtors.

5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period.

6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below:

| | | |
|-------|---|---------------------------------|
| _____ | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> |
|-------|---|---------------------------------|

I, /s/ George Voskanian
 George Voskanian, CFO/Co-CEO
 declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.